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SUBJECT: GRZ FUNDS TASK FORCE ON CORRUPTION

REF: A. 07 LUSAKA 1254
[1](#)B. 07 LUSAKA 1164
[1](#)C. 07 LUSAKA 576
[1](#)D. 07 LUSAKA 558
[1](#)E. 07 LUSAKA 40
[1](#)F. 06 LUSAKA 1688

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[1](#)1. (SBU) Summary. Although President Mwanawasa had previously threatened to disband the Task Force on Corruption absent donor funding (Ref B), on May 15 the Zambian Cabinet agreed to take full financial responsibility for the ad hoc agency that was created in 2002 to prosecute high-level corruption committed during the Chiluba Administration. Donor countries that had supported the Task Force welcomed the move, which signals Zambian "ownership" of the Task Force and a greater GRZ commitment. Despite requests from some donors, the mandate of the Task Force has not been expanded to investigate corruption during President Mwanawasa's presidency. The GRZ has extended its term, which originally expired in December 2006, to continue until at least 2011 in order to conclude existing cases. End Summary.

[1](#)2. (SBU) On May 15, Cabinet agreed to take on the full financial responsibility of the Task Force on Corruption, an ad hoc agency that President Mwanawasa established in 2002 to prosecute abuse of office charges during the administration of former President Chiluba (1991-2001). It is comprised of representatives from numerous law enforcement agencies and government offices. Until mid-2007, the governments of Sweden, Norway, Denmark, Netherlands, and United Kingdom had funded the Task Force jointly with the GRZ. The USG, through the Department of Treasury, had provided technical assistance to Task Force prosecutors and investigators. On several occasions in 2007, President Mwanawasa indicated that the GRZ's renewal of the Task Force's mandate, which originally expired in December 2006, was contingent upon additional donor support (Refs B, C, and F).

[1](#)3. (U) Donor heads of mission welcomed the GRZ's announcement to fully fund the Task Force, as it signals Zambian "ownership" of the Task Force and greater GRZ commitment to the campaign against corruption. In his public remarks, Government Spokesperson and Information Minister Mike Mulongoti explained that "the fight against corruption is a national project, so we cannot depend on donors for funds." He expressed the importance of continuing existing cases as well as pursuing new investigations. He also pointed to USD 50 million in recovered assets and the favorable "Zamtrop" judgment in which former President Chiluba was found liable in a UK court for USD 41 million (Ref D). Task Force Chair Maxwell Nkole also explained that the Task Force had increased Zambia's capacity to handle complex crime and had exposed inadequacies of existing laws and institutions.

[1](#)4. (U) The GRZ announcement, however, falls short of some

donors' hopes that the Task Force be institutionalized as a permanent government agency to investigate complex financial crime and serious fraud, including acts of corruption committed during President Mwanawasa's term of office. Mulongoti's comments--that the Task Force would continue its operations throughout the Mwanawasa presidency and beyond--suggest that the government may still give it a constitutional mandate. In his remarks to the press, Nkole also highlighted the need for a "new institution to deal effectively with grand corruption and other crimes, including money laundering and terrorism."

15. (U) Although President Mwanawasa's anti-corruption campaign has received some international praise, domestically it has been the subject of some public criticism, notably during the 2006 national elections when presidential candidate Michael Sata accused President Mwanawasa of wasting GRZ resources. President Mwanawasa struggled to respond to Sata, particularly as the Task Force at that time had not yet secured a single conviction. The President himself began questioning whether the benefits outweighed the costs (Ref F). Since November 2006, however, the Task Force achieved three criminal convictions and two favorable civil judgments, and President Mwanawasa has acknowledged that the Task Force prosecutions are "in the best interest of the nation (Ref A)."

16. (SBU) Donor missions have shifted their attention from supporting Task Force prosecutions to enhancing the GRZ's legal and institutional capacity to prevent corruption. In the final months of interaction with the Task Force, donor-GRZ relations had strained significantly, due in part to the high costs associated with supporting the UK civil litigation. Although the GRZ had been the largest single funder of the Task Force, aggregate donor contributions made up over half of the Task Force budget. Donor missions were

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also unsatisfied with Task Force management under Max Nkole, which they considered lackluster and unresponsive. When the Task Force's mandate expired in December 2006, donors reluctantly extended their cooperation for another six months, while stating their intention to redirect their anti-corruption assistance elsewhere (Ref E).

17. (SBU) The absence of an asset forfeiture law or policy has also created some tension and suspicion between donors and the GRZ. Donors argue that the GRZ should dispose of forfeited assets transparently and efficiently, demonstrating an obvious benefit to the Zambian public. After prolonged, multi-year deliberations, Cabinet has yet to develop a policy or to approve an asset forfeiture bill that was prepared with USAID support. According to GRZ sources, Cabinet has decided to apply assets seized through the Task Force to maternal health projects. Regrettably, this claim has not been corroborated publicly or privately.

18. (SBU) Comment: Although donors are encouraged that the GRZ has taken financial responsibility for continuing its legal campaign against high-level corruption, the UK Mission in Lusaka is emphasizing the GRZ's decision not to expand the scope of investigations to include Mwanawasa's administration. To do so, however, would duplicate the mandate--and undermine the role--of the Anti-Corruption Commission, the GRZ's lead anti-corruption agency. A more appropriate solution would be to legalize the Task Force into a permanent institution to investigate serious fraud and financial crime. Nkole has told emboffs on multiple occasions that this is what he is earnestly seeking to establish.

19. (SBU) Comment (continued): Zambia's slow judicial process, combined with defendants' delaying legal tactics, have prevented the Task Force from achieving results more quickly. Nevertheless, the highly publicized Task Force cases may be contributing to a shift in public opinion where corruption is no longer as readily accepted or condoned. Until the GRZ

addresses some of the inadequacies that Nkole mentioned (para 3), by introducing judicial reform and a suitable legislative regime, it may be difficult for the Task Force to conclude all of its ongoing cases by 2011. In the meantime, the Task Force could benefit from a proactive communications effort that more effectively presents to the Zambian people the costs of corruption, particularly with regard to public service delivery, and the benefits of stamping it out. A robust and fully transparent asset forfeiture policy, that pours GRZ funding into much needed civic projects, presumably would win the Task Force greater public appeal. Additionally, GRZ progress in fighting corruption might result in a Millennium Challenge Account compact that would entail enormous and wide-ranging benefits.

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